

JANUARY 26, 2023

Dear Shareholder,

When we set up BCRED, the goal was to leverage Blackstone's scale to offer investors an income focused fund comprised of privately originated senior secured loans to large scale corporations with defensive qualities. These defensive qualities were designed to drive returns in different market environments. Nearly 100%¹ of BCRED's loans are floating rate (typically with floors built in to protect from declining rates), which protects investors if rates increased (and if they fell too much). BCRED's portfolio with 98%² senior secured at 44%³ average loan-to-value seeks to protect investors if the assets or the economy falters. Our sector selections and size of businesses were designed to focus on less cyclical or speculative sectors with larger businesses that were leaders in their space and therefore better positioned to navigate through stressed markets. We wanted investors to point to BCRED as a bright spot in their portfolio regardless of the market backdrop.

While over the last two years the weather patterns have shifted quickly, we believe it has further validated our strategy around being defensively positioned.

BCRED launched at the beginning of 2021 into a market that had favorable market tailwinds, with an active M&A market, strong capital flows and overall, positive economic growth drivers. Despite very low base rates in 2021 (which drive returns in floating rate loans) and credit spreads⁴ that tightened over the course of the year, BCRED generated a 12.6%⁵ YTD 2021 total net return for Class I shareholders.

In 2022, the winds shifted very quickly, as rising base rates and inflation helped drive both technical and fundamental challenges, resulting in an enormous amount of market uncertainty. Despite public fixed income and equity markets suffering negative returns for 2022, BCRED generated a 3.6%⁵ YTD 2022 total net return for Class I shareholders, outperforming investment-grade -13.0%⁶, high-yield bonds -11.2%⁶ and leveraged loans -0.6%⁶. We believe that BCRED's outperformance compared to public fixed income markets over the same period is a direct result of the defensive nature of the direct lending asset class and quality of BCRED's investment portfolio. BCRED's distributions also grew meaningfully in 2022 to a 10.2%⁷ annualized distribution yield on Class I shares, reflecting the benefit of rising base rates on our portfolio. We believe the biggest negative impact to BCRED's full year returns of 3.6%⁵ was the widening of credit spreads⁴, which drives markdowns in credit assets. Despite the current average mark of BCRED at 96.3⁸, the portfolio continued to perform well.

Looking ahead to 2023, we expect the market to be different again from 2021 and 2022. We expect that base rates may remain higher than those experienced in 2021 and 2022, which is positive for floating rate loans. Additionally, stable capital flows and constrained commercial banking activity in leveraged loans may cause credit spreads⁴ over base rates to remain stable or decrease on new transactions. We believe this "credit spread tightening," to the extent it occurs, provides potential increased valuation marks for pre-existing private credit assets.

As we enter 2023 and investors worry about economic headwinds, we believe BCRED's ability to provide investors with a high quality, defensively positioned income solution with senior secured investment in large high-quality businesses and sectors may attract additional capital. We believe being consistently defensive with one of the most experienced, active managers in credit may prove to be an advantage for our shareholders.

Thank you for your trust and choosing us to be your partner.



Brad Marshall
Chairman of the Board
& Co-Chief Executive
Officer



Jonathan Bock
Co-Chief Executive Officer



Carlos Whitaker
President



Kevin Kresge
Interim Chief Financial
Officer



Kate Rubenstein
Chief Operating Officer

2022 Year in Review

10.2%

annualized distribution yield⁷

98%

senior secured debt portfolio²

~100%

floating rate debt¹

BCRED 2022 Key Highlights

Rising Income

- BCRED ended the year with a 10.2%⁷ annualized distribution yield for Class I, a 26% increase, having paid one special dividend in the year and increased our regular monthly dividend twice.
- With base rates in the portfolio resetting every three months on average, we believe there is further opportunity for BCRED's portfolio earnings to grow given the market average base rate during 2022 of 2.2%⁹, which is meaningfully lower than the current market rates of 4.6%¹⁰.

Current Lending Environment

- While higher financing costs and risk of slower economic growth have reduced M&A activity, BCRED was able to source attractive investment opportunities while remaining selective due to the scale of its origination platform, incumbency, and long-standing relationships with private equity sponsors.
- As public markets remain dislocated, BCRED benefitted from higher credit spreads⁴ and origination fees in new private deals, along with enhanced lender protections and significant equity cushions. We believe the current market environment allows for favorable risk-adjusted returns at the top of the capital structure, as asset level yields for new senior secured deals in private credit are at 11%-12% compared to 8% for public loans¹¹.

Defensively Positioned Portfolio

- To limit downside in the event of a recession, we remain focused on investing defensively in large (\$189mm¹² average issuer EBITDA), growing companies with strong free cash flow generation.
- Additionally, BCRED continues to invest in historically low default sectors.

Valuations

- BCRED's portfolio is currently marked at a discount to par (100) with an average mark of 96.3⁸. The wider credit spread⁴ environment has negatively impacted the marks for our private assets (as opposed to deteriorating borrower fundamentals) and we believe the public assets trading prices are similarly impacted¹³.
- We believe the average mark implies a loss rate higher than what the fund's current portfolio will experience over time. For comparison, the historical loss rate for leveraged loans has averaged 0.92% per year since 2006¹⁴. We believe that contractual repayments at 100 (par), absent any sales or defaults, offer potential upside to current valuation. For example, BCRED received ~\$2.6B¹⁵ of repayments in 2022 at par or better.

Healthy Liquidity Position

- BCRED was built with an aim to weather challenging environments, with ample liquidity and a structure that is designed to maximize long-term shareholder value as a semi-liquid fund. Along with the Fund's immediate liquidity in the form of cash and borrowing availabilities, BCRED's loans are contractually obligated to repay at 100 (par) or better over time.
- With an expected average hold of 3 to 5 years for each loan, private credit portfolios turnover 10%-20% per year. Given BCRED is entering its third year of operations in February of 2023, we expect to see this turnover provide BCRED with a continued source of liquidity.

End Notes

Data is as of December 31, 2022, unless otherwise indicated. Returns for periods greater than one year are annualized. **Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve results comparable to those of any of Blackstone Credit's prior funds or be able to implement its strategy or achieve its investment objectives, including due to an inability to access sufficient investment opportunities.**

1. As a percentage of debt investments in BCRED's portfolio, which represents 98% of BCRED's investments excluding BCRED's equity investments in joint ventures.
2. Excludes BCRED's equity investments in joint ventures which have similar underlying qualities.
3. As of December 31, 2022. Includes all private debt investments for which fair value is determined by BCRED's Board of Trustees (the "Board") in conjunction with a third-party valuation firm and excludes quoted assets. Average loan-to-value represents the net ratio of loan-to-value for each portfolio company, weighted based on the fair value of total applicable BCRED private debt investments. Loan-to-value is calculated as the current total net debt through each respective loan tranche divided by the estimated enterprise value of the portfolio company as of the most recent quarter end. See BCRED's prospectus.
4. Credit spread (typically a fixed amount) is the amount added to the base rate (the variable/floating rate) which sums to the interest rate due under a credit agreement. When we refer to "widening" or "tightening" credit spreads, we refer to the credit spread increasing or decreasing, respectively.
5. Total Net Return is calculated as the change in NAV per share during the period, plus distributions per share (assuming dividends and distributions are reinvested) divided by the beginning NAV per share. Returns greater than one year are annualized. 2021 year-to-date (YTD) total return for Class S (no / with upfront placement fee): 11.6%/7.7%. 2021 YTD total return for Class D (no / with upfront placement fee): 7.4%/5.8%. 2022 year-to-date (YTD) total return for Class S (no / with upfront placement fee): 2.7%/-0.9%. 2022 YTD total return for Class D (no / with upfront placement fee): 3.3%/1.8%. All returns shown are derived from unaudited financial information and are net of all BCRED expenses, including general and administrative expenses, transaction related expenses, management fees, incentive fees, and share class specific fees, but exclude the impact of early repurchase deductions on the repurchase of shares that have been outstanding for less than one year.
6. "Leveraged Loans" is represented by the Morningstar LSTA US Leveraged Loan Index. "High Yield" is represented by the Bloomberg US Corporate High Yield Index. "Investment Grade Bonds" is represented by the Bloomberg US Aggregate Bond Index. The indices presented represent investments that have material differences from an investment in BCRED or the investments that BCRED may make.
7. As of December 31, 2022. Annualized Distribution Yield represents December's distribution annualized and divided by the last reported NAV from November. Distributions are not guaranteed. Distributions have been and may in the future be funded through sources other than cash flow. See BCRED's prospectus. Please visit BCRED's website for notices regarding distributions subject to Section 19(a) of the Investment Company Act of 1940. We cannot guarantee that we will make distributions, and if we do, we may fund such distributions from sources other than cash flow from operations, including the sale of assets, borrowings, return of capital, or offering proceeds and although we generally expect to fund distributions from cash flow from operations, we have not established limits on the amounts we may pay from such sources. As of December 31, 2022, 100% of inception to date distributions were funded from cash flows from operations. A return of capital (1) is a return of the original amount invested, (2) does not constitute earnings or profits and (3) will have the effect of reducing the basis such that when a shareholder sells its shares the sale may be subject to taxes even if the shares are sold for less than the original purchase price. Distribution may also be funded in significant part, directly or indirectly, from temporary waivers or expense reimbursements borne by the Adviser or its affiliates, that may be subject to reimbursement to the Adviser or its affiliates. The repayment of any amounts owed to our affiliates will reduce future distributions to which you would otherwise be entitled. Annualized Distribution Yield for other share classes are as follows: 9.3% for Class S and 9.9% for Class D.
8. As of December 31, 2022.
9. Bloomberg average 3M SOFR for 2022.
10. Bloomberg 3M SOFR as of December 31, 2022.
11. Private yields based on Blackstone's views and public yields based on Morningstar LSTA Leverage Loan Index. As of January 20, 2023.
12. As of December 31, 2022. Includes all private debt investments for which fair value is determined by BCRED's Board in conjunction with a third-party valuation firm and excludes quoted assets. Amounts are weighted on fair market value of each respective investment. Amounts were derived from the most recently available portfolio company financial statements, have not been independently verified by BCRED, and may reflect a normalized or adjusted amount. Accordingly, BCRED makes no representation or warranty in respect of this information. EBITDA is a non-GAAP financial measure. For a particular portfolio company, EBITDA is generally defined as net income before net interest expense, income tax expense, depreciation and amortization.
13. Current valuations reflect higher margins for newly issued loans and factor in future potential credit losses.
14. As of September 30, 2022. 0.92% represents the weighted average historical annual loss rate for the CS Institutional Leveraged Loan index, shown since 2006, the date that BXC commenced operations. The loss rate for this index is calculated using the trading price the day that a loan defaults (payment defaults or bankruptcy) and does not reflect actual recovery of defaulted loans. BCRED's valuation marks are impacted by the pricing of assets with comparable risk in the current market. For example, a loan originated and priced in a lower risk environment may be marked down when comparable loans are pricing at higher rates, even if that loan is not expected to default.
15. Represents BCRED repayments. The fund may choose to sell assets at prices less than par.

Past Performance and Forward-Looking Statements

Past performance is not necessarily indicative of future results. The opinions expressed herein reflect the current opinions of Blackstone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. The above is not intended to be indicative of future results to be achieved by the proposed fund; actual results may differ materially from the information generated through the use of illustrative components of return. While Blackstone believes that these assumptions are reasonable under the circumstances, there is no assurance that the results will be obtained, and unpredictable general economic conditions and other factors may cause actual results to vary materially. Any variations could be adverse to the actual results.

Certain information contained in this communication constitutes "forward looking statements" within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by the use of forward-looking terminology, such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "can," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "confident," "conviction," "identified" or the negative versions of these words or other comparable words thereof. These may include financial projections and estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, statements regarding future performance, statements regarding economic and market trends and statements regarding identified but not yet closed investments. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. BCRED believes these factors also include but are not limited to those described under the section entitled "Risk Factors" in its prospectus, and any such updated factors included in its periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this document (or BCRED's prospectus and other filings). Except as otherwise required by federal securities laws, BCRED undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.